

Fiscal Note

Fiscal Services Division



SF 52 – School Aid Regular Allowable Growth (LSB 1692SV)
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Fiscal Note Version – New

Description

Senate File 52 requires a 4.0% allowable growth rate be applied to each of the regular school aid State cost per pupil amounts for FY 2014.

Background

The school aid formula provides funding through a mix of State aid and property tax to school districts and area education agencies (AEAs). In general, funding is generated on a per pupil basis with the per pupil amounts providing an overall budget limitation. There are five FY 2013 State cost per pupil funding levels that will be increased by a 4.0% allowable growth rate for FY 2014. The following table provides the per pupil growth amounts and State cost per pupil amounts for FY 2014 based on SF 52.

Regular School Aid Per Pupil Components	FY 2013 State Cost Per Pupil Amounts	Proposed in SF 52		
		FY 2014 Allowable Growth Rate	Growth in FY 2014 Cost Per Pupil Amounts	State Cost Per Pupil Amount
Regular Program	\$ 6,001.00	4.0%	\$ 240.00	\$ 6,241.00
Special Education Program	6,001.00	4.0%	240.00	6,241.00
AEA Special Education Support	263.51	4.0%	10.54	274.05
AEA Media Services	49.13	4.0%	1.97	51.10
AEA Educational Services	54.22	4.0%	2.17	56.39

AEA = Area Education Agency

Enrollments, weightings, and taxable valuations within each school district all have an impact on the amount of total school aid funding including the amount of State aid and local property tax required to generate the total funding amount.

Assumptions

Assumptions include:

- Estimates are based on October 2012 certified enrollments and preliminary weightings.
- Statewide taxable valuation growth of 3.94%. Based on this assumption, the Statewide total for the uniform levy is estimated to account for \$30.8 million of the school foundation property tax change from FY 2013. The estimated increase in the uniform levy amount is not impacted by the establishment of an allowable growth rate.
- Property tax adjustment aid amounts are based on the statewide taxable valuation growth factor applied to each school district's FY 2013 taxable valuation amount.
- Other legislation may have an impact on the amount of State aid and property tax generated though the school aid formula. The fiscal impact below includes the provisions in SF 51

(FY 2014 State Categorical Supplement Allowable Growth Rate Bill) and SF 53 (Additional School Aid Property Tax Relief Bill).

- State aid includes funding from the State General Fund and other funds appropriated or deposited in the Property Tax Equity and Relief (PTER) Fund that is used to provide additional property tax relief through the school aid formula.
- Establishing an allowable growth rate will also impact the amount of funding generated for the Statewide Voluntary Preschool Program. Funding for the program is provided with State General Fund dollars and is included in the overall State aid total.
- Assumes that districts eligible for the 101.0% budget adjustment will approve use of that provision. The Legislative Services Agency (LSA) estimate includes a total budget adjustment of \$4.0 million (63 districts) based on a 4.0% allowable growth rate.
- Assumes the restoration of the additional \$20.0 million State aid reduction to AEAs implemented in FY 2012 and FY 2013.

Fiscal Impact

At a 4.0% allowable growth rate for regular school aid provided in SF 52 and 4.0% allowable growth rates provided for the State categorical supplements in SF 51, the total General Fund expenditure for State school aid is estimated at \$2,788.7 million, an increase of \$134.9 million. Included in the State aid increase is \$6.3 million for preschool aid. In addition to the uniform levy increase of \$30.8 million, school aid property taxes are estimated to increase by \$11.6 million. Overall, the total funding level for school districts and AEAs (combined district cost) is estimated to increase \$173.0 million in FY 2014.

Provisions in SF 53, if enacted, will provide additional property tax relief through the school aid formula. The estimated fiscal impact of SF 53 will be additional property tax relief of \$38.9 million for FY 2014. The following table provides a summary of the combined fiscal impacts of SF 52, SF 51, and SF 53.

State School Aid Funding: FY 2013 and Est. FY 2014 Based on Senate Proposals

(Dollars in Millions)

	FY 2013 - 2% Allowable Growth		SF 52 and SF 51		Impact of SF 53		Impact of SF 53
			FY 2014 - 4% Allowable Growth	Change from Est. FY 2013	FY 2014 - 4% Allowable Growth	Change from Est. FY 2013	
Total Regular School Aid	\$ 2,280.9	\$ 23.9	\$ 2,397.1	\$ 116.2	\$ 2,436.0	\$ 155.1	\$ 38.9
Teacher Salary Supplement	260.0	3.2	271.1	11.1	271.1	11.1	0.0
Professional Development Supplement	29.5	0.4	30.8	1.3	30.8	1.3	0.0
Early Intervention Supplement	30.3	0.4	31.6	1.3	31.6	1.3	0.0
Total State Categorical Supplement	\$ 319.8	\$ 3.9	\$ 333.5	\$ 13.7	\$ 333.5	\$ 13.7	\$ 0.0
Total School Aid w/o Preschool	\$ 2,600.7	\$ 27.8	\$ 2,730.6	\$ 129.9	\$ 2,769.5	\$ 168.9	\$ 38.9
Preschool Aid	\$ 60.4	\$ 2.0	\$ 66.7	\$ 6.3	\$ 66.7	\$ 6.3	\$ 0.0
Total State Aid Amount for School Programs	\$ 2,661.1	\$ 29.9	\$ 2,797.3	\$ 136.2	\$ 2,836.3	\$ 175.2	\$ 38.9
PTER Funding	\$ 7.4	\$ 0.7	\$ 8.7	\$ 1.3	\$ 31.1	\$ 23.7	\$ 22.4
Taxpayer Trust Fund for Allowable Growth Increase	N.A.	N.A.	N.A.	N.A.	16.5	16.5	16.5
Total State General Fund Amount for School Aid	\$ 2,653.7	\$ 29.2	\$ 2,788.7	\$ 134.9	\$ 2,788.7	\$ 134.9	\$ 0.0
Total Unadjusted Foundation Property Tax	\$ 1,342.2	\$ -3.1	\$ 1,385.8	\$ 43.6	\$ 1,385.8	\$ 43.6	\$ -0.0
Property Tax Adjustment Aid (from GF)	-24.0	0.0	-24.0	0.0	-24.0	0.0	0.0
Property Tax Adjustment Aid (from PTER)	-7.4	-0.7	-8.7	-1.3	-31.1	-23.7	-22.4
Taxpayer Trust Fund for Allowable Growth Increase	N.A.	N.A.	N.A.	N.A.	-16.5	-16.5	-16.5
Total Foundation Property Tax	\$ 1,310.8	\$ -3.7	\$ 1,353.2	\$ 42.4	\$ 1,314.2	\$ 3.4	\$ -38.9
Combined District Cost	\$ 3,910.7	\$ 23.4	\$ 4,083.8	\$ 173.0	\$ 4,083.8	\$ 173.0	\$ 0.0

Totals may not sum due to rounding.

SF 51 (State Categorical Supplement Allowable Growth Rate Bill) establishes a 4.0% allowable growth rate for the State Categorical Supplements in FY 2014.

SF 53 (FY 2014 School Aid Property Tax Relief Bill) provides additional property tax relief through the school aid formula in FY 2014.

School aid estimates by district are available on the [LSA website](#).

Sources

Iowa Department of Education, Certified Enrollment file
Iowa Department of Management, School Aid file
Iowa Department of Revenue
LSA analysis and calculations

/s/ Holly M. Lyons

January 29, 2013

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#). Data used in developing this fiscal note, including correctional and minority impact information, is available from the Fiscal Services Division of the Legislative Services Agency upon request.